

# **Arabian Cement Company S.A.E.**

**Condensed separate interim financial statements  
Together with limited review report  
For the Six months ended June 30, 2020**

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**Limited Review Report**  
**For the Condensed Separate Interim Financial Statements**

**To: The Board of directors of Arabian Cement Company**  
**An Egyptian Joint Stock Company**

**Introduction**

We have conducted our limited review for the accompanying condensed separate interim financial position of Arabian Cement Company - An Egyptian Joint Stock Company - as of June 30, 2020 and the related condensed separate statements of profits or losses, comprehensive income, changes in equity and cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed separate interim financial statements in accordance with the Egyptian Accounting Standard No. (30) - Interim Financial Reporting. Our responsibility is to express a conclusion on these condensed separate interim financial statements based on our review.

**Scope of Review**

We have conducted our limited review in accordance with the Egyptian Standard on Review Engagements (2410) – Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of condensed separate interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Egyptian Standards on Auditing and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these condensed separate interim financial statements.

**Conclusion**

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying condensed separate interim financial statements are not prepared, in all material respects, in accordance with Egyptian Accounting Standard No. (30) - Interim Financial Reporting.

Cairo, August 12, 2020

  
Karim Magdy Saleh FCA, FESAA

RAA 8510

EISA 69



**Arabian Cement Company S.A.E.**  
**Condensed Separate statement of financial position**  
**At June 30, 2020**

<b>EGP</b>	<b>Notes</b>	<b>June 30, 2020</b>	<b>December 31, 2019</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment (Net)	10	2 278 349 082	2 379 728 327
Assets under construction	11	6 563 563	3 777 941
Intangible assets (Net)	12	273 664 313	294 799 369
Right of use	27	--	13 321
Investments in subsidiaries	13	47 476 057	47 476 057
Investments in a joint venture	14	125 000	125 000
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2 606 178 015</b>	<b>2 725 920 015</b>
<b>CURRENT ASSETS</b>			
Inventories	15	226 627 769	155 894 546
Trade receivables	16	35 836 256	--
Debtors and other debit balances	17	110 876 238	104 108 840
Due from related parties	26	21 279 129	16 927 511
Cash and bank balances	18	93 757 621	86 186 000
<b>TOTAL CURRENT ASSETS</b>		<b>488 377 013</b>	<b>363 116 897</b>
<b>TOTAL ASSETS</b>		<b>3 094 555 028</b>	<b>3 089 036 912</b>

- Limited review report is attached



**Arabian Cement Company S.A.E.**  
**Condensed Separate statement of financial position**  
**At June 30, 2020**

<b>EGP</b>	<b>Notes</b>	<b>June 30, 2020</b>	<b>December 31, 2019</b>
<b>EQUITY</b>			
<b>CAPITAL AND RESERVES</b>			
Issued and paid-up capital	19	757 479 400	757 479 400
Legal reserve	20	257 740 154	254 730 209
Retained earnings		150 164 923	164 024 227
<b>TOTAL EQUITY</b>		<b>1 165 384 477</b>	<b>1 176 233 836</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	22	447 789 132	491 836 958
Deferred tax liabilities	8-3	329 649 643	337 073 457
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>777 438 775</b>	<b>828 910 415</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	21	544 013 724	678 337 746
Credit facilities	22	300 401 404	62 035 301
Current income tax payable	8-2	11 790 750	13 123 908
Current portion of long-term borrowings	22	90 704 346	90 356 520
Current portion of long-term other liabilities	24	5 384 750	12 308 000
Lease liability	27	--	8 540
Creditors and other credit balances	25	179 745 857	207 808 755
Due to related parties	26	7 241 021	8 163 967
Provisions	23	12 449 924	11 749 924
<b>TOTAL CURRENT LIABILITIES</b>		<b>1 151 731 776</b>	<b>1 083 892 661</b>
<b>TOTAL LIABILITIES</b>		<b>1 929 170 551</b>	<b>1 912 803 076</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3 094 555 028</b>	<b>3 089 036 912</b>

- The accompanying notes form an integral part of the condensed separate interim financial statements and to be read therewith.

**Sergio Alcantarilla Rodriguez**

Chief Executive Officer



**Salvador Cabañas Lopez**

Chief Financial Officer



**Arabian Cement Company S.A.E.**  
**Condensed Separate statement of profit or loss**  
**For the six months ended June 30, 2020**

EGP	Notes	Three months ended		Six months ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Sales revenue	3	601 408 705	748 197 002	1 280 082 740	1 537 054 860
Cost of sales	4	(559 663 508)	( 686 466 989)	(1 186 488 914)	(1 426 108 994)
<b>GROSS PROFIT</b>		<b>41 745 197</b>	<b>61 730 013</b>	<b>93 593 826</b>	<b>110 945 866</b>
General and administration expenses	5	(25 271 804)	(31 595 121)	(49 482 099)	(65 133 610)
Provisions	22	( 350 000)	(2 371 161)	( 700 000)	(3 221 161)
Interest income		286 145	412 886	851 508	857 442
Other income		379 499	404 330	567 578	876 546
Finance costs	6	(20 356 296)	(32 923 602)	(42 836 862)	(68 675 523)
Foreign exchange gain / (losses) differences		(16 070 736)	26 372 173	(1 552 416)	50 317 011
Capital gain		--	--	142 466	--
<b>(LOSS)/PROFIT FOR THE PERIOD</b>		<b>(19 637 995)</b>	<b>22 029 518</b>	<b>584 001</b>	<b>25 966 571</b>
<b>BEFORE TAX</b>					
Income tax	8.1	( 408 385)	501 962	(4 366 936)	799 138
<b>PROFIT FOR THE PERIOD AFTER TAX</b>		<b>(20 046 380)</b>	<b>22 531 480</b>	<b>(3 782 935)</b>	<b>26 765 709</b>
<b>Earnings per share (Basic and diluted)</b>					
Basic and diluted (EGP / Share)	9	<b>(0.06)</b>	<b>0.05</b>	<b>(0.02)</b>	<b>0.06</b>

– The accompanying notes form an integral part of the condensed separate interim financial statements and to be read therewith.

**Sergio Alcantarilla Rodriguez**

Chief Executive Officer



**Salvador Cabañas Lopez**

Chief Financial Officer



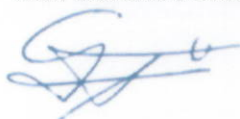
**Arabian Cement Company S.A.E.**  
**Condensed Separate statement of comprehensive income**  
**For the six months ended June 30, 2020**

EGP	Three months ended		Six months ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
<b>(LOSS) / PROFIT FOR THE PERIOD, NET OF INCOME TAX</b>	(20 046 380)	22 531 480	(3 782 935)	26 765 709
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX	--	--	--	--
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>(20 046 380)</b>	<b>22 531 480</b>	<b>(3 782 935)</b>	<b>26 765 709</b>

- The accompanying notes form an integral part of the condensed separate interim financial statements and to be read therewith.

**Sergio Alcantarilla Rodriguez**

Chief Executive Officer



**Salvador Cabañas Lopez**

Chief Financial Officer



**Arabian Cement Company S.A.E.**  
**Condensed Separate statement of changes in equity**  
**For the six months ended June 30, 2020**

<b>EGP</b>	<b>Issued and Paid-up capital</b>	<b>Legal reserve</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Balance at January 1, 2019</b>	<b>757 479 400</b>	<b>231 365 975</b>	<b>342 180 674</b>	<b>1 331 026 049</b>
Transfer to Legal reserve	--	23 364 234	(23 364 234)	--
Dividends	--	--	(7 245 082)	(7 245 082)
Total comprehensive income, net of income tax	--	--	26 765 709	26 765 709
<b>Balance at June 30, 2019</b>	<b>757 479 400</b>	<b>254 730 209</b>	<b>338 337 067</b>	<b>1 350 546 676</b>
<b>Balance at January 1, 2020</b>	<b>757 479 400</b>	<b>254 730 209</b>	<b>164 024 227</b>	<b>1 176 233 836</b>
Transfer to Legal reserve	--	3 009 945	(3 009 945)	--
Dividends	--	--	(7 066 424)	(7 066 424)
Total comprehensive income, net of income tax	--	--	(3 782 935)	(3 782 935)
<b>Balance at June 30, 2020</b>	<b>757 479 400</b>	<b>257 740 154</b>	<b>150 164 923</b>	<b>1 165 384 477</b>

- The accompanying notes form an integral part of the condensed separate interim financial statements and to be read therewith.

**Sergio Alcantarilla Rodriguez**

Chief Executive Officer



**Salvador Cabañas Lopez**

Chief Financial Officer





**Arabian Cement Company S.A.E.**  
**Condensed Separate statement of cash flows**  
**For the six months ended June 30, 2020**

EGP	Notes	June 30, 2020	June 30, 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit for the period</b>		<b>584 001</b>	<b>25 966 571</b>
Adjusted by:			
Finance costs recognized in profit or loss	6	42 836 862	68 675 523
Interest income		( 851 508)	( 857 442)
Capital gain		( 142 466)	--
Depreciation of property, plant and equipment	10	102 482 712	100 758 437
Amortization of intangible assets	12	21 135 056	25 129 866
Amortization of right of use assets		13 321	--
Foreign exchange loss / (gain) differences		1 478 262	(25 793 478)
Provisions formed	23	700 000	3 221 161
(Increase) / Decrease in inventories		(70 733 223)	58 532 834
(Increase) in debtors and other debit balances		(19 891 306)	(3 982 332)
(Increase) in due from related parties		(4 351 618)	(10 573 202)
(Increase) / Decrease in trade receivables		(35 836 256)	27 335 994
(Decrease) / Increase in trade payables		(134 324 022)	48 382 411
(Decrease) / Increase in due to related parties		( 922 946)	1 522 208
(Decrease) in creditors and other credit balances		(18 011 101)	(55 536 036)
<b>Cash generated by operations</b>		<b>(115 834 232)</b>	<b>262 782 515</b>
Interest paid		(52 888 659)	(62 053 374)
<b>Net cash (used in) generated by operating activities</b>		<b>(168 722 891)</b>	<b>200 729 141</b>

**Arabian Cement Company S.A.E.**  
**Condensed Separate statement cash flows**  
**For the six months ended June 30, 2020**

<b>EGP</b>	<b>Notes</b>	<b>June 30, 2020</b>	<b>June 30, 2019</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment	10	(1 152 601)	(22 688 864)
Proceeds from selling property, plant and equipment		191 600	--
Payments for assets under construction	11	(2 785 622)	(2 712 055)
Interest income		851 508	857 442
<b>Cash (used in) investing activities</b>		<b>(2 895 115)</b>	<b>(24 543 477)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of loans		(45 178 262)	(36 315 745)
Repayment of other liabilities		(6 923 250)	(105 231 000)
Proceeds / (Payments) from credit facilities		238 366 103	(107 871 022)
Payments of finance lease liability		( 8 540)	--
Dividends distribution		(7 066 424)	(7 245 082)
<b>Cash generated by (used in) financing activities</b>		<b>179 189 627</b>	<b>(256 662 849)</b>
Net (Decrease) in cash and cash equivalents		7 571 621	(80 477 185)
Cash and cash equivalents at the beginning of the period		86 186 000	164 895 878
<b>Cash and cash equivalents at the end of the period</b>		<b>93 757 621</b>	<b>84 418 693</b>

- The accompanying notes form an integral part of the condensed separate interim financial statements and to be read therewith.

**Sergio Alcantarilla Rodriguez**

Chief Executive Officer



**Salvador Cabañas Lopez**

Chief Financial Officer





## **1. The Company's general information**

Arabian Cement Company S.A.E. (ACC or the Company), a joint stock Company incorporated in Cairo, Egypt, is a public company whose shares are traded at the EGX Egyptian Exchange. The Company was established on March 5, 1997 under Law No. 230 of 1989 and Law No. 95 of 1992 according to the decision of the President of General Authority for Investment and Free Zone (GAFI) No. 167 of 1997. The Company was registered at the Commercial Register under No. 13105 in Cairo on April 3, 2005, which was changed to No. 53445 on August 16, 2011 as the Company changed its registered office from 72 Gameat El Dowal Street, Mohandiseen, Giza- Egypt. The admin office changed to be on Gamal Abdel Nasser square (west Arabella), Fifth Settlement Arabella Plaza, Office Building (A),5th floor.

The Company's objective is the manufacturing and sale of clinker, cement and the other related products and usage of mines and extraction of all mining materials required for the production of construction materials and road transportation for all the company's product. The Company may carry out other projects or amend its purpose according to the Investment Incentives and Guarantees Law. The Company produces cement with a clinker capacity of 4.2 million tonnes per annum that can produce 5 million tonnes per annum of cement.

The main shareholder of the Company is Aridos Jativa – Spanish Company, and it owns 60% of the Company's capital.

The Company's term is 25 years starting from the date of its registration at the commercial register.

The condensed separate interim financial statements were approved by the Board of Directors and authorized for issue on August 12, 2020.

## **2. Significant accounting policies**

### **2.1 Statement of compliance**

The condensed separate interim financial statements have been prepared in accordance with Egyptian Accounting Standards (EASs) No. (30) Interim financial reporting. These condensed separate interim financial statements do not include all the information required in the preparation of the full set annual separate financial statements and must be read in conjunction with the annual separate financial statements as of December 31, 2019.

### **2.2 Basis of preparation**

The separate financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value or amortized cost, as appropriate.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

### **2.3 Amended Egyptian accounting standards**

On March 18, 2019, the Minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. 110 of 2015 , which include some new accounting standards as well as introducing amendments to certain existing standards published in the official gazette on 25 April 2019. The most prominent amendments are as follows:

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New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
The new Egyptian Accounting Standard No. (47) "Financial Instruments"	<p>1-The new Egyptian Accounting Standard No. (47), "Financial Instruments", supersedes the corresponding related issues included in the Egyptian Accounting Standard No. (26), "Financial Instruments: Recognition and Measurement". Accordingly, Egyptian Accounting Standard No. 26 was amended and reissued after cancelling the paragraphs pertaining to the issues addressed in the new Standard No. (47) and the scope of the amended Standard No. (26) Was specified and intended to deal only with limited cases of Hedge Accounting according to the choice of the enterprise.</p> <p>2-Pursuant to the requirements of the Standard, financial assets are classified based on their subsequent measurement whether at amortized cost, or fair value through other comprehensive income or at fair value through profit or loss, in accordance with the enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial asset.</p> <p>3-When measuring the impairment of financial assets the Incurred Loss Model is replaced by the Expected Credit Loss (ECL) Models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event.</p>	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	<p>This standard applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted; provided that the amended Egyptian Accounting Standards No. (1), (25), (26) and (40) are to be simultaneously applied.</p> <p>-These amendments are effective as of the date of implementing Standard No. (47)</p>



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- 4-based on the requirements of this standard the following standards were amended :
- Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" as amended in 2019.
  - Egyptian Accounting Standard No. (4) - "Statement of Cash Flows".
  - Egyptian Accounting Standard No. (25) - "Financial Instruments: Presentation.
  - Egyptian Accounting Standard No. (26) - "Financial Instruments: Recognition and Measurement".
  - Egyptian Accounting Standard - EAS No. (40) - "Financial Instruments: Disclosures"

The new Egyptian Accounting Standard No. (48) -"Revenue from Contracts with Customers"

- 1- The new Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers" shall supersede the following standards and accordingly such standards shall be deemed null and void:
  - a. Egyptian Accounting Standard No. (8) - "Construction Contracts" as amended in 2015.
  - b. Egyptian Accounting Standard No. (11) - "Revenue" as amended in 2015.
- 2- For revenue recognition, Control Model is used instead of Risk and Rewards Model.
- 3- incremental costs of obtaining a contract with a customer are recognized as an asset if the enterprise expects to recover those costs and the costs of fulfilling the contract are to be recognized as an asset when certain conditions are met
- 4- the standard requires that contract must have a commercial substance in order for revenue to be recognized
- 5- Expanding in the presentation and disclosure requirements

The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.

Standard No. (48) Applies to financial periods beginning on or after January1st, 2020, and the early implementation thereof is permitted.

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<p>The new Egyptian Accounting Standard No. (49) "Lease Contracts"</p>	<ol style="list-style-type: none"> <li>1- The new Egyptian Accounting Standard No. (49) "Lease Contracts" shall supersede and revoke Standard No. (20), "Accounting Rules and Standards related to Financial Leasing" issued in 2015.</li> <li>2- The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the company's assets and recognizes a liability that represents the present value of the unpaid lease payments under the company's liabilities, taking into account that the lease contracts are not classified in respect of the lessee as operating or finance lease contracts.</li> <li>3- As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract.</li> <li>4- As for the finance lease, the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as amounts receivable with an amount equivalent to the amount of the net investment in the lease contract.</li> <li>5- As for operating leases, the lessor must recognize the lease payments of operating lease contracts as income either based on the straight-line method or based on any other regular basis</li> </ol>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.</p>	<p>This standard No. (49) Applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted if Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers" is simultaneously applied. Except for the above-mentioned date of enforcement, Standard No. (49) applies to lease contracts that were subjected to Finance Lease Law No. 95 of 1995 and its amendments and were treated according to Egyptian Accounting Standard No. 20, "Accounting rules and standards related to financial leasing", as well as the finance lease contracts that arise under and are subjected to Law No. 176 of 2018 to the effect of regulating both financial leasing and factoring activities starting from the beginning of the annual reporting period in which Law No. (95) Of 1995 was revoked and Law No. (176) of 2018 was issued. According to Minister of Investment and Cooperation decision No. (69) of 2019 on the amendment of the Egyptian Accounting</p>
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<p>Egyptian Accounting Standard No. (42) as amended " Consolidated Financial Statements"</p>	<p>Some paragraphs related to the exclusion of the Investment Entities from the consolidation process were added. This amendment has resulted in introducing an amendment to some of the standards related to the subject of the Investment Entities. The standards that were amended are as follows:</p> <ul style="list-style-type: none"> <li>- (ESA 15) Related Party Disclosures</li> <li>- (ESA 17) Consolidated and Separate Financial Statements</li> <li>- (ESA 18) Investments in Associates</li> <li>- (ESA 24) Income Taxes</li> <li>- (ESA 29) Business Combinations</li> <li>- ESA (30) Periodical Financial Statements</li> <li>- EAS (44) Disclosure of Interests in Other Entities.</li> </ul>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements</p>	<p>Standards, financial leasing companies and lessees under financial leasing contracts from non-banking financial institutions and companies listed on the Egyptian Stock Exchange should apply the standard of financial leasing contracts earlier than 30/9/2019, with the obligation to disclose the accounting impact resulting from the application of the standard on the financial statements issued during the period from 1/1/2019 until the end of each financial period for which financial statements are prepared.</p> <p>This standard applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.</p> <p>-The new or amended paragraphs pertaining to the amended standards concerning the investment entities shall apply on the effective date of Egyptian Accounting Standard No. (42) "Consolidated Financial Statements", as amended and issued in 2019</p>
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Due to the current situation of the outbreak of Corona virus and the necessary economic and financial implications associated with it, in addition to the implementation of prevention measures and facing its spread, imposing restrictions on the presence of human resources in companies at full capacity on a regular basis, the Financial Supervision Authority agreed to postpone the application of Egyptian accounting standards. The new and accompanying amendments issued by Resolution No. 69 on the periodic financial statements that will be issued during the year 2020, provided that companies implement these standards and these amendments to the annual financial statements of these companies by the end of 2020.

### 3. Sales revenue

An analysis of the Company's revenue for the period is as follows:

EGP	Three months ended		Six months ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2018
Local sales	541 199 947	585 786 809	1 118 690 796	1 262 691 710
Export sales	31 316 405	125 047 013	96 591 683	203 741 219
Services	28 892 353	37 363 180	64 800 261	70 621 931
<b>TOTAL</b>	<b>601 408 705</b>	<b>748 197 002</b>	<b>1 280 082 740</b>	<b>1 537 054 860</b>

### 4. Cost of sales

An analysis of the Company's cost of sales for the period is as follows:

EGP	Three months ended		Six months ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Raw material	456 572 895	579 777 109	972 636 937	1 213 491 742
Manufacturing depreciation	50 399 743	49 644 941	100 850 063	98 630 581
Electricity supply agreement amortization	9 700 761	12 634 353	21 135 056	25 129 866
Right of use amortization	--	--	13 321	--
Transportation cost	17 283 254	21 425 981	40 383 008	43 741 091
Overhead cost	25 706 855	22 984 605	51 470 529	45 115 714
<b>TOTAL</b>	<b>559 663 508</b>	<b>686 466 989</b>	<b>1 186 488 914</b>	<b>1 426 108 994</b>

### 5. General and administration expenses

An analysis of the Company's general and administration expenses for the period is as follows:

EGP	Three months ended		Six months ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Professional services	10 152 909	12 540 329	17 964 720	20 671 280
Salaries and wages	7 827 714	9 288 399	16 724 113	24 171 317
Security and cleaning services	386 271	823 858	779 042	1 078 185
Rentals	479 658	509 275	958 491	1 806 784
Transportation	214 851	1 069 162	576 922	2 402 890
Advertising	135 001	230 657	915 875	1 279 367
Administrative depreciation	779 267	1 072 847	1 632 649	2 127 856
Other	5 296 133	6 060 594	9 930 287	11 595 931
<b>TOTAL</b>	<b>25 271 804</b>	<b>31 595 121</b>	<b>49 482 099</b>	<b>65 133 610</b>



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**6. Finance costs**

An analysis of the Company's finance costs for the period is as follows:

EGP	Three months ended		Six months ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Loan interest expense	11 746 095	19 215 301	25 880 107	39 156 353
Electricity agreement interest expense	1 719 150	3 070 500	4 788 750	6 141 000
Credit facilities interest expense	6 891 051	8 973 309	12 168 005	19 792 403
Other finance cost	--	1 664 492	--	3 585 767
<b>TOTAL</b>	<b>20 356 296</b>	<b>32 923 602</b>	<b>42 836 862</b>	<b>68 675 523</b>

**7. Compensation of key management personnel \***

An analysis of the Company's Compensation of key management personnel for the period is as follows:

EGP	Three months ended		Six months ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Board of Directors allowance	1 984 959	2 866 732	4 638 751	10 409 152
Board of Directors salaries	2 569 952	3 867 536	6 150 224	8 331 296
<b>TOTAL</b>	<b>4 554 911</b>	<b>6 734 268</b>	<b>10 788 975</b>	<b>18 740 448</b>

\* Included in salaries and wages in general and administration expenses.

**8. Income taxes**

**8.1 Income tax recognised in profit or loss**

EGP	Three months ended		Six months ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
<b>CURRENT TAX</b>				
Current tax expense for the current period	4 395 575	(111 866)	11 790 750	26 876
<b>DEFERRED TAX</b>				
Net deferred tax recognized in the current period	(3 987 190)	(390 096)	(7 423 814)	(826 014)
<b>TOTAL INCOME TAX RECOGNIZED IN THE CURRENT PERIOD</b>	<b>408 385</b>	<b>(501 962)</b>	<b>4 366 936</b>	<b>(799 138)</b>

**8.2 Current tax liabilities**

EGP	June 30, 2020	December 31, 2019
Current tax expense (note 8.1)	11 790 750	13 123 908
<b>CURRENT TAX LIABILITIES</b>	<b>11 790 750</b>	<b>13 123 908</b>

### 8.3 Deferred tax balances

Deferred tax liabilities arise from the following:

June 30, 2020 EGP	Opening balance	Recognized in profit or loss	Closing balance
<b>(LIABILITIES)</b>			
<b>Temporary differences</b>			
Property, plant & equipment	(337 073 457)	7 423 814	(329 649 643)
<b>NET DEFERRED TAX LIABILITY</b>	<b>(337 073 457)</b>	<b>7 423 814</b>	<b>(329 649 643)</b>
December 31, 2019 EGP	Opening balance	Recognized in profit or loss	Closing balance
<b>(LIABILITIES)</b>			
<b>Temporary differences</b>			
Property, plant & equipment	(343 043 930)	5 970 473	(337 073 457)
<b>NET DEFERRED TAX LIABILITY</b>	<b>(343 043 930)</b>	<b>5 970 473</b>	<b>(337 073 457)</b>

### 9. Earnings per share

Basic earnings per share is calculated by dividing the earnings from continuing operations attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. As the company does not have any dilutive potential, the basic and diluted earnings per share are the same.

The earnings from continuing operations and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

EGP	Three months ended		Six months ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
<b>EARNINGS (for basic and diluted earnings per share)</b>				
(Loss) / Profit for the period	(20 046 380)	22 531 480	(3 782 935)	26 765 709
Employees' share in distributable profits (note 17)	(1 750 702)	(1 755 136)	(3 490 211)	(3 779 042)
<b>Distributable profit</b>	<b>(21 797 082)</b>	<b>20 776 344</b>	<b>(7 273 146)</b>	<b>22 986 667</b>
<b>NUMBER OF SHARES (for basic and diluted earnings per share)</b>				
Weighted average number of ordinary shares for the purposes of EPS	378 739 700	378 739 700	378 739 700	378 739 700
<b>EARNINGS PER SHARE</b>	<b>(0.06)</b>	<b>0.05</b>	<b>(0.02)</b>	<b>0.06</b>



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**10. Property, plant and equipment (Net)**

EGP	Freehold land	Buildings	Vehicles	Machinery and Equipment	Furniture and fixtures	Other installations	Computers and software	Total
<b>COST</b>								
<b>Balance at January 1, 2019</b>	50 243 436	571 105 372	19 572 370	2 806 303 222	12 412 666	289 518 568	19 819 255	<b>3 768 974 889</b>
Additions	--	3 098 391	7 819 490	9 984 113	518 851	867 306	400 713	<b>22 688 864</b>
Transfer from PUC	--	56 017 694	--	--	--	--	--	<b>56 017 694</b>
<b>Balance at June 30, 2019</b>	<b>50 243 436</b>	<b>630 221 457</b>	<b>27 391 860</b>	<b>2 816 287 335</b>	<b>12 913 517</b>	<b>290 385 874</b>	<b>20 219 968</b>	<b>3 847 681 447</b>
<b>Balance at January 1, 2020</b>	<b>50 243 436</b>	<b>633 074 458</b>	<b>27 639 939</b>	<b>2 849 216 289</b>	<b>14 824 642</b>	<b>301 857 244</b>	<b>20 442 022</b>	<b>3 897 298 030</b>
Additions	--	65 077	212 595	488 567	34 100	299 328	52 934	<b>1 152 601</b>
Disposals	--	--	( 245 000)	--	--	--	--	<b>( 245 000)</b>
<b>Balance at June 30, 2020</b>	<b>50 243 436</b>	<b>633 139 535</b>	<b>27 607 534</b>	<b>2 849 704 856</b>	<b>14 858 742</b>	<b>302 156 572</b>	<b>20 494 956</b>	<b>3 898 205 631</b>
<b>ACCUMULATED DEPRECIATION</b>								
<b>Balance at January 1, 2019</b>	--	205 985 423	8 424 749	973 394 662	4 977 556	103 444 420	15 639 324	<b>1 311 866 134</b>
Depreciation expense	--	14 546 421	1 752 577	74 425 139	682 481	7 906 444	1 445 375	<b>100 758 437</b>
<b>Balance at June 30, 2019</b>	--	<b>220 531 844</b>	<b>10 177 326</b>	<b>1 047 819 801</b>	<b>5 660 037</b>	<b>111 350 864</b>	<b>17 084 699</b>	<b>1 412 624 571</b>
<b>Balance at January 1, 2020</b>	--	<b>235 363 546</b>	<b>11 944 907</b>	<b>1 125 585 846</b>	<b>6 470 639</b>	<b>119 831 696</b>	<b>18 373 069</b>	<b>1 517 569 703</b>
Disposals	--	--	( 195 866)	--	--	--	--	<b>( 195 866)</b>
Depreciation expense	--	14 191 968	1 868 661	76 487 419	838 124	8 302 015	794 525	<b>102 482 712</b>
<b>Balance at June 30, 2020</b>	--	<b>249 555 514</b>	<b>13 617 702</b>	<b>1 202 073 265</b>	<b>7 308 763</b>	<b>128 133 711</b>	<b>19 167 594</b>	<b>1 619 856 549</b>
<b>CARRYING AMOUNT</b>								
<b>At June 30, 2020</b>	<b>50 243 436</b>	<b>383 584 021</b>	<b>13 989 832</b>	<b>1 647 631 591</b>	<b>7 549 979</b>	<b>174 022 861</b>	<b>1 327 362</b>	<b>2 278 349 082</b>
<b>At June 30, 2019</b>	<b>50 243 436</b>	<b>409 689 613</b>	<b>17 214 534</b>	<b>1 768 467 534</b>	<b>7 271 480</b>	<b>179 035 010</b>	<b>3 135 269</b>	<b>2 435 056 876</b>
<b>At December 31, 2019</b>	<b>50 243 436</b>	<b>397 710 912</b>	<b>15 695 032</b>	<b>1 723 630 443</b>	<b>8 354 003</b>	<b>182 025 548</b>	<b>2 068 953</b>	<b>2 379 728 327</b>

On February 24, 2019 There is a cancellation for the first-degree commercial and real estate mortgage for the benefit of the National Bank of Egypt. The management currently in the process of the procedures for change mortgage to be in favour of the Commercial International Bank (CIB) (Security agent).

According to the loans contracts granted by the Commercial international bank (Security agent) , the Company insured for the benefit of the bank an insurance policy against all potential risks on the Company's factory and the production lines, in favour for the bank as it's the (Security agent) , and the bank is the first and only beneficiary of this policy.  
The Company has insured (for its benefits) on cars and silos.

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**11. Projects under construction**

<b>EGP</b>	<b>June 30, 2020</b>	<b>December 31, 2019</b>
Balance as of January 1	3 777 941	95 974 030
Additions	--	2 994 803
Transfer to fixed assets	--	(95 366 120)
Advance to suppliers for purchase fixed assets	2 785 622	175 228
<b>TOTAL</b>	<b>6 563 563</b>	<b>3 777 941</b>
Assets under construction are represented in the following categories:		
Machinery and equipment	3 465 713	3 465 713
Other installations	137 000	137 000
Advance to suppliers for purchase fixed assets	2 960 850	175 228
<b>TOTAL</b>	<b>6 563 563</b>	<b>3 777 941</b>

**12. Intangible assets (Net)**

<b>EGP</b>	<b>Operating license</b>	<b>Electricity contract</b>	<b>Total</b>
<b><u>Cost</u></b>			
<b>Cost as of January 1 , 2020</b>	<b>563 204 713</b>	<b>225 200 000</b>	<b>788 404 713</b>
Additions during period	--	--	--
<b>Cost as of June 30, 2020</b>	<b>563 204 713</b>	<b>225 200 000</b>	<b>788 404 713</b>
<b><u>Accumulated amortization</u></b>			
Accumulated amortization as of January 1, 2020	(287 467 603)	(206 137 741)	(493 605 344)
Amortization for the period	(13 885 272)	(7 249 784)	(21 135 056)
<b>Total accumulated amortization as of June 30, 2020</b>	<b>(301 352 875)</b>	<b>(213 387 525)</b>	<b>(514 740 400)</b>
<b>Net book value June 30,2020</b>	<b>261 851 838</b>	<b>11 812 475</b>	<b>273 664 313</b>
<b>Net book value December 31,2019</b>	<b>275 737 110</b>	<b>19 062 259</b>	<b>294 799 369</b>

**Operating license**

As per the country's policies to obtain a license for the cement factory, the General Industrial Development Association approved the issuing of a license to the company on May 21, 2008 in the amount to EGP 281.4 million for the 1st production line with related liability on the company to pay 15% as an advance payment and the residual amount will be paid over 5 equal annual instalments after 1 year from starting production with a maximum of 18 months according to interest rate determined by Central Bank of Egypt (CBE).



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The above mentioned value will be also applied for the second line and a 25% will be paid as an advance payment and residual amount will be settled over a period of 3 years according to the interest rate determined by Central Bank of Egypt (CBE).

On 22 January 2015, the Industrial Development Authority (IDA) accepted to receive EGP 8 million on a monthly basis until the legal dispute with the company is resolved, which is currently at the court.

**Electricity contract**

Intangible assets represent the value of the contract concluded with the Ministry of Electricity on March 11, 2010, where the Ministry of Electricity identifies the needs of heavy industrial projects and arranges their needs, either through the establishment of new stations or already established ones. The cost of investments will be paid by the company according to what has been determined by the Ministry, which amounted to EGP 217.2 million, where payment has been agreed to be paid as follows:

15% advance payment equivalent to EGP 32.58 million.

120 monthly instalments due on the first of every month from April 2010 amounted by EGP 1.220 million per each instalment.

120 monthly instalments due on the first of every month from February 2011 amounted by EGP 1.342 million per each instalment.

In addition to EGP 8 million for the allocation of two cells of the traditional type, to be paid in four quarterly instalments and the last instalment was due on 1 February 2011.

**13. Investments in subsidiaries**

The Company has control over all the subsidiaries as listed below:

Company name EGP	Domicile	Share/ paid- in capital	June 30, 2020	December 31, 2019	Principal activities	Proportion of ownership interest and voting power held by the Company
Andalus Concrete Company	Egypt	%99.99	30 926 807	30 926 807	Concert products, mainly ready mix	99.99%
Evolve Investment & Projects Management Company	Egypt	%99.99	16 499 750	16 499 750	Alternative fuel and recycling	99.99%
ACC for Management and Trading Company	Egypt	%99.99	49 500	49 500	Providing managerial services	99%
<b>TOTAL</b>			<b>47 476 057</b>	<b>47 476 057</b>		

#### 14. Investments in joint venture

Details of the Company's joint venture at the end of the reporting period are as follows:

Name of joint venture	Place of incorporation	Proportion of ownership interest and voting power held by the company	EGP	
			June 30, 2020	December 31, 2019
Andalus Reliance for Mining Company	Egypt	50%	125 000	125 000
<b>TOTAL</b>			<b>125 000</b>	<b>125 000</b>

#### 15. Inventories

EGP	June 30, 2020	December 31, 2019
Raw materials	107 256 504	45 890 809
Packing materials	14 874 038	10 982 921
Spare parts	7 401 732	7 608 663
Work in progress	2 856 204	1 967 307
Finished goods	94 239 291	89 444 846
<b>TOTAL</b>	<b>226 627 769</b>	<b>155 894 546</b>

#### 16. Trade receivables

EGP	June 30, 2020	December 31, 2019
Trade receivables	35 836 256	--
<b>Total</b>	<b>35 836 256</b>	<b>--</b>

#### 17. Debtors and other debit balances

EGP	June 30, 2020	December 31, 2019
Advance to suppliers	22 788 629	21 294 071
Withholding tax	4 116 243	14 293 777
Deposit with others	78 306 355	61 444 003
Employees' dividends in advance	3 490 211	7 066 424
Letters of guarantee – cash margin	34 049	34 049
Cash imprest	3 198 916	1 336 482
Other debit balances	301 801	--
Less:- Impairment in other debit balance	(1 359 966)	(1 359 966)
<b>TOTAL</b>	<b>110 876 238</b>	<b>104 108 840</b>



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**18. Cash and bank balances**

EGP	June 30, 2020	December 31, 2019
Cash on hand	2 113 027	1 182 863
Current account – local currency	53 228 296	45 619 602
Current account – foreign currency	2 272 805	8 262 010
Bank deposits *	36 143 493	31 121 525
<b>Total</b>	<b>93 757 621</b>	<b>86 186 000</b>

\*Bank deposits includes a restricted bank deposit with an amount of EGP 1 020 000 against letter of grantee with the same value.

**19. Capital**

EGP	June 30, 2020	December 31, 2019
Par value per share	2	2
Number of ordinary shares authorized, issued and fully paid	378 739 700	378 739 700
<b>Issued capital</b>	<b>757 479 400</b>	<b>757 479 400</b>

**20. Legal reserve**

In accordance with the Companies' Law No.159 of 1981 and the Company's Articles of Incorporation, 10% of annual net profit is transferred to legal reserve. The entity shall cease such transfer when the legal reserve reaches 50% of the issued capital. The legal reserve is not eligible for distribution to shareholders.

**21. Trade payables**

EGP	June 30, 2020	December 31, 2019
Local trade payable	287 928 331	336 471 383
Foreign trade payable	256 085 393	341 866 363
<b>Total</b>	<b>544 013 724</b>	<b>678 337 746</b>

**22. Borrowings**

EGP	Current		Non-current	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
<b>First: Credit facilities</b>				
Credit facilities –				
CIB	300 401 404	62 035 301	--	--
<b>Total Facilities</b>	<b>300 401 404</b>	<b>62 035 301</b>	--	--
<b>Second: Bank loans</b>				
Bank loans - CIB	20 400 000	20 400 000	219 300 000	229 500 000
Bank loans - EBRD	70 304 346	69 956 520	228 489 132	262 336 958
<b>Total bank Loans</b>	<b>90 704 346</b>	<b>90 356 520</b>	<b>447 789 132</b>	<b>491 836 958</b>

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**23.Provisions**

EGP	Provision for claims
<b>Balance at January 1, 2020</b>	11 749 924
Additional provisions recognized	700 000
<b>Balance at June 30, 2020</b>	<b>12 449 924</b>

Management annually reviews and adjusts these provisions based on the latest developments, discussions and agreements with the involved parties.

**24.Other liabilities**

EGP	Current		Non-current	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Electricity contract	5 384 750	12 308 000	--	--
<b>TOTAL</b>	<b>5 384 750</b>	<b>12 308 000</b>	<b>--</b>	<b>--</b>

**25.Creditors and other credit balances**

EGP	June 30, 2020	December 31, 2019
Advances from customers	73 016 990	45 676 860
Accrued expenses	7 902 194	7 945 034
Accrued development fees	17 001 755	18 111 127
Accrued customers rebates	38 070 097	63 136 807
Accrued taxes	21 412 206	42 934 058
Accrued interest	2 531 792	12 583 589
Deferred Revenue – Grant*	14 631 693	12 218 616
Retention	5 179 130	5 202 664
<b>TOTAL</b>	<b>179 745 857</b>	<b>207 808 755</b>

\* During the period, the company obtained a new grant from the European Bank in the amount of 170 thousand euros equivalent to approximately EGP 3 million according to the loan contract with the bank, this grant will be amortized over the useful life of the asset accompanying with this grant.

**26.Related party transactions**

During the period, entity entities entered into the following transactions with related parties:

EGP	Relation type	Transaction nature	Volume of the transactions	
			June 30, 2020	June 30, 2019
Andalus Concrete Company	Subsidiary	Sales	8 271 772	10 527 072
ACC for Management and Trading Company	Subsidiary	Services	22 079 198	21 537 495
Evolve	Subsidiary	Purchases	8 017 888	3 028 273
Cementos La union	Parent	Services	109 248	--
Andalus Reliance for Mining Company	Joint Venture	Purchases	20 599 867	23 289 125



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The following balances were outstanding at the end of the reporting period:

EGP	Due from related parties		Due to related parties	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Andalus Concrete Company	13 447 324	13 153 101	--	--
Evolve Investment & Projects Management Company	3 868 624	3 774 410	--	--
ACC for Management and Trading Company	3 963 181	--	--	378 020
Cementos La Union – Spain Company	--	--	24 550	24 550
Andalus Reliance for Mining Company	--	--	7 216 471	7 761 397
<b>TOTAL</b>	<b>21 279 129</b>	<b>16 927 511</b>	<b>7 241 021</b>	<b>8 163 967</b>

- Andalus Concrete Company purchases cement materials and products from Arabian Cement Company, which are used for manufacturing and trading concrete and construction materials.
- ACC for Management and Trading Company renders managerial services for Arabian Cement Company.
- Cementos La Union – Spain renders technical support services for Arabian Cement Company.
- Andalus Reliance for Mining Company supplied the raw materials for Arabian Cement Company.
- Evolve Company supplied alternative fuel for Arabian Cement Company.

**27. lease**

**27.1 Right of Use**

EGP	Vehicles	Machinery & Equipment	Total
<b>Cost</b>			
<b>Cost as of January 1, 2020</b>	<b>2 332 460</b>	<b>1 225 954</b>	<b>3 558 414</b>
Additions during period	--	--	--
<b>Cost as of June 30, 2020</b>	<b>2 332 460</b>	<b>1 225 954</b>	<b>3 558 414</b>
<b>Less:- Accumulated amortization</b>			
Accumulated amortization as of January 1, 2020	<b>2 319 139</b>	<b>1 225 954</b>	<b>3 545 093</b>
Amortization for the period	13 321	--	<b>13 321</b>
<b>Total accumulated amortization as of June 30, 2020</b>	<b>2 332 460</b>	<b>1 225 954</b>	<b>3 558 414</b>
<b>Net book value June 30, 2020</b>	--	--	--

## 27.2 Financial lease liability.

Financial lease liability recognized in the statement of financial position

EGP	Current		Non-current	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
lease liability	--	8 540	--	--
<b>TOTAL</b>	--	<b>8 540</b>	--	--

## 28. Dividend distribution

On June 10, 2020, the company's Ordinary General Assembly meeting approved the profits distribution according to the distributable profits for the financial year ended December 31, 2019.

EGP	2019
<b>Net profit for the year</b>	30 099 450
Retained earnings at beginning of the year	133 924 777
<b>Distributable net profits</b>	<b>164 024 227</b>
<b>To be distributed as follows:</b>	
Legal reserve	3 009 945
Profit attributable to shareholders	--
Profit attributable to employees.	7 066 424
<b>Retained earnings at end of the year</b>	<b>153 947 858</b>

## 29. Significant Events during the current period

With the recent and rapid development of the Coronavirus disease, (COVID-19) outbreak the world economy entered a period of unprecedented health care crisis that has already caused considerable global disruption in business activities and everyday life. Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations.

Governments, including the Arab Republic of Egypt, have implemented restrictions on travelling as well as strict quarantine measures in addition to the Prime Minister announce a bunch of strict protective measures taken in the face of the coronavirus pandemic including Suspending international flights in all Egyptian airports and the Central Bank of Egypt (CBE) has announced a package of procedures that aim at easing banking operations in the wake of the Coronavirus

Covid-19 has been accompanied by the drop in oil price and the slowdown in demand, Industries such as tourism, hospitality and entertainment are expected to be directly disrupted significantly by these measures. Other industries such as manufacturing and financial services are expected to be indirectly affected and their results to also be negatively affected.



On May 17, 2020, The Prime Minister indicated that the work will start gradually return in all sectors of the country as of mid-June with an emphasis on commitment by applying precautionary and preventive measures, and will announce this successively during the next stage.

On June 20, 2020 a number of decisions were approved, including agreeing to cancel the partial prohibition of movement from Saturday, June 27, 2020, and agreeing to reopen restaurants, gyms, and cafes, but only 25% of its capacity is allowed, as well as closing all stores at nine in the evening, provided that restaurants and cafes continue until ten in the evening, with the continued closure of parks, gardens and public beaches, as it was agreed to continue the work of public transportation until midnight, in addition to opening places of worship as included in the decisions, to agree to open cultural facilities Cinemas and theaters, but with a rate of 25% of its absorptive capacity, and decisions also included that ministries, governorates, entities and bodies provide all their services to citizens, according to what the competent authority estimates in each entity, and taking into account commitment to all precautionary measures and health precautions, as well as the commitment of citizens to wear protective masks while they are By all means of mass transportation, whether public or private, while they are visiting all governmental or private establishments, banks or places of worship. International aviation has also resumed as of July 1, 2020

Management has considered the unique circumstances and the risk exposures of the group has concluded in the light of available information that there is no significant impact in the group's profitability position may arise from current event. The event is not expected to have an immediate material impact on the business operations as the company's management follow certain procedures as follows;

- The management of the company decreased dependence on other countries through the purchase of coal-petcock from local market, accordingly no expectation for any disruption in business operations, even if the situation extend for 2-3 months.
- Other costs are decreasing such as electricity and petrol due to the current situation, which support in enhance our EBITDA.
- The Company still the main cement exporter in Egypt, which is reporting us some USD revenues to cover any exposure in USD.
- The management follow the cash flows on a monthly basis and concluded that the expected cash flows will be positive during the coming months with no currently cash flow issues, accordingly the management decided to pay all bank loans on time without benefit from the initiative of Central Bank by postponing the installments for six months

The management assessment included taken into consideration the following areas during the assessment of impact of COVID-19

- Risk of impairment in Property, Plant & Equipment
- Risk of impairment due to slow moving in Inventory
- Risk of fail to pay the installments due to bank, creditors and salaries in due date.
- Risk of any expected claims may resulted from any litigation



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The management concluded that no impact on the company's operation that could trigger an impairment issue in Property, Plant & Equipment as the factory is working as planned to meet the customers demand with no indication for any risk of slow moving in inventory and for all bank installments paid in due date even the company opted not to benefit from the initiative announced by Central bank of Egypt by postponing the installments for six months.

Management will continue to monitor the situation closely and will assess the need for any further plans or actions in case the period of disruption becomes prolonged

**Sergio Alcantarilla Rodriguez**

Chief Executive Officer



**Salvador Cabañas Lopez**

Chief Financial Officer

